



State of Connecticut
Department of Developmental Services

DDS

Ned Lamont
Governor

Jordan A. Scheff
Commissioner

Peter Mason
Deputy Commissioner

Rev. Operations Center Memo FY22-02

TO: DDS Qualified Providers

FROM: Scott McWilliams CFO

CC: Jordan Scheff, Commissioner, Peter Mason, Deputy Commissioner, Katie Rock-Burns, Chief of Staff, Regional Directors, Assistant Regional Directors, Resource Administrators, Operation Center Staff

DATE: September 2, 2021

SUBJECT: Paycheck Protection Program "Loan Forgiveness" Revenue

This memo is to provide direction to private providers who received "loan forgiveness" federal funds of any Paycheck Protection Program (PPP) loan.

Based on the recently passed Public Act No. 21-2, AN ACT CONCERNING PROVISIONS RELATED TO REVENUE AND OTHER ITEMS TO IMPLEMENT THE STATE BUDGET FOR THE BIENNIUM ENDING JUNE 30, 2023, the following provisions articulate important requirements regarding "loan forgiveness" revenue from PPP loans.

As stated in Public Act No. 21-2:

Sec. 373. (NEW) (Effective from passage) (a) As used in this section, (1) "COVID-19" means the respiratory disease designated by the World Health Organization on February 11, 2020, as coronavirus 2019, and any related mutation thereof recognized by said organization as a communicable respiratory disease, (2) "loan forgiveness" means forgiveness of any paycheck protection program loan, in whole or in part, provided under the CARES Act, P.L. 116-136, or the Paycheck Program Flexibility Act of 2020, P.L. 116-142, and (3) "paycheck protection program loan" means a loan offered to a business or nonprofit organization during the COVID-19 pandemic under the CARES Act.

(b) No state agency contracting with a nonprofit provider of human services may attempt to recover or otherwise offset funds obtained or retained by such nonprofit provider through loan forgiveness. For purposes of this subsection "attempt to recover or otherwise offset" means reductions in contracted amounts for the same or similar services from the contract period before such loan forgiveness to the next contract period or demands for reimbursement of state funds from such providers in the amount of any loan forgiveness.

Based on the language in the Public Act, DDS is requiring all providers who received Paycheck Protection Program (PPP) loans that were converted into “loan forgiveness” grants to report such revenue to DDS on the FY2021 annual cost report. DDS will not cost settle any surplus attributable to the PPP grants for all providers.

Based on this interpretation, DDS has also revised the State Single Audit Supplemental language as written below.

Compliance Requirements

Revenue from forgiven Paycheck Protection Program (PPP) loans applied to expenses in DDS funded programs must be reported as a revenue offset on the DDS Annual Report. Entities must report revenue from forgiven PPP loans to the respective DDS funded programs.

Suggested Audit Procedures

Confirm that revenue from forgiven PPP loan is reported to DDS if expenses from DDS funded programs are reported on the PPP loan forgiveness application.

If you have any further questions, please email me at scott.mcwilliams@ct.gov